

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
GREENVILLE DIVISION**

IN RE:

**CAH ACQUISITION COMPANY #1, LLC d/b/a CASE NO: 19-00730-5-JNC
WASHINGTON COUNTY HOSPITAL, CHAPTER 7**

DEBTOR.

**SUPPLEMENTAL RESPONSE OF WASHINGTON COUNTY TO TRUSTEE'S
MOTION FOR ORDER (A) APPROVING SALE FREE AND CLEAR OF ALL LIENS,
CLAIMS, INTERESTS, AND ENCUMBRANCES, (B) AUTHORIZING ASSUMPTION
AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED
LEASES, AND (C) GRANTING RELATED RELIEF**

COMES NOW Washington County, a North Carolina body corporate and politic, by and through its counsel, and responds to the Motion filed by Thomas W. Waldrep, Jr., the duly appointed Chapter 11 Trustee (the “Trustee” or “Seller”) in the case of CAH Acquisition Company #1, LLC d/b/a Washington County Hospital (the “Debtor”) for an Order authorizing the private sale of all real property and associated personal property of the Debtor, subject to the fee simple determinable, interest of Washington County, but free and clear of all liens, claims, interests, and encumbrances, with the same to attach to the sale proceeds in their relative order of priority, but subject to objection, and (b) authorizing the assumption and assignment of certain executory contracts and unexpired leases, and (c) granting related relief (the “Sale Motion”). In support of its response Washington County states as follows:

1. Washington County filed a Response on November 15, 2019 (Docket 538) (the “Response”) to the Motion filed by the Trustee to establish bidding procedures for a sale of the Debtor’s assets (Docket 519). The position set forth in the Response is incorporated herein.

2. The Court approved bidding procedures by Order dated November 27, 2019, but following a period for submission of other bids, no offers other than the initial bid of Affinity Health Partners, LLC (“Affinity”) were made.

3. By Ex Parte Motion filed December 12, 2019, the Trustee moved for a continuance of the hearing on approval of a sale to Affinity from December 17, 2019 to January 2, 2019. An Order approving the continuance was entered on December 13, 2019.

4. At this time, Washington County has not received information from the Trustee to substantiate the ability of Affinity to purchase the Debtor’s assets and fund continued operations and improvements as set forth in an Asset Purchase Agreement that was discussed and negotiated prior to the hearing on the bidding procedures held on November 20, 2019.¹

5. Objections to the proposed sale to Affinity have been filed by the North Carolina Department of Health and Human Services and Complete Business Solutions Group, Inc.

6. Until Affinity is able to confirm the funds to close the purchase of the Debtor’s assets, Washington County believes that a hearing to approve a sale to Affinity is premature.

7. Between Court approval of a sale and an actual closing various events in this case could affect the rights of parties, especially considering the cash flow issues that have arisen in the past two weeks.

8. Washington County is receptive to a hearing being set on short notice when the funding is obtained and all information relative to the sources of funding to purchase the Debtor’s assets is available to creditors and parties in interest.

9. Considering the cash flow problems experienced by the Debtor perhaps a deadline for the funding and terms of the sale should be set by the Court to encourage the Trustee and Affinity to either finalize the sale or determine other options.

¹ The Asset Purchase Agreement in revised form has not been submitted to the Court.

WHEREFORE, Washington County hereby requests (1) a continuance of the hearing set on January 2, 2020 to approve sale of the Debtor's assets to Affinity if Affinity does not have funding for the purchase by January 2 and (2) otherwise responds to the proposed sale as set forth in its Response dated November 15, 2019 as supplemented herein.

This the 27th day of December, 2019.

NELSON MULLINS RILEY & SCARBOROUGH LLP

/s/ Terri L. Gardner

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DEBTOR.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing **SUPPLEMENTAL RESPONSE OF WASHINGTON COUNTY TO TRUSTEE'S MOTION FOR ORDER (A) APPROVING SALE FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES, (B) AUTHORIZING ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (C) GRANTING RELATED RELIEF** has been filed electronically in accordance with the Local Rules and was therefore served electronically on those entities that have properly registered for such electronic service and as set forth below:

VIA EMAIL:

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This the 27th day of December, 2019.

**NELSON MULLINS RILEY
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